

# State of South Dakota

SEVENTY-THIRD SESSION  
LEGISLATIVE ASSEMBLY, 1998

400B0401

## SENATE BILL NO. 50

Introduced by: The Committee on Retirement Laws at the request of the South Dakota Retirement System

1 FOR AN ACT ENTITLED, An Act to reduce the eligibility period for vesting in the South  
2 Dakota Retirement System.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That subdivision (74) of § 3-12-47 be amended to read as follows:

5 (74) "Vested," the right to an annuity payable at normal retirement age from the system  
6 after ~~five~~ three years of credited service, even if the member leaves the employment  
7 of a participating unit, provided that the member does not withdraw ~~his~~ accumulated  
8 contributions. A member who leaves the employment of a participating unit is not  
9 entitled to benefits under §§ 3-12-95, 3-12-98, 3-12-99, 3-12-104, and 3-12-105.

10 Section 2. That § 3-12-77 be amended to read as follows:

11 3-12-77. A member of the system who ~~has less than five years credited service~~ is not vested  
12 may leave ~~his~~ the member's contributions in the system upon termination of employment for a  
13 period not to exceed ~~five~~ ten years from the date of termination. However, no additional  
14 contributions may be made to the system by the member or a participating unit following the date  
15 of termination and no benefits in the retirement system may accrue to a member of the system

1 following the date of termination except as provided in § 3-12-72.4. If the member withdraws  
2 the member's contributions, membership in the system terminates. If the member is an electing  
3 member, the member also shall withdraw all or a portion of employer contributions as applicable  
4 pursuant to § 3-12-150. At the end of the ~~five-year~~ ten-year period, no further interest may be  
5 credited with respect to contributions. If the member fails to withdraw ~~his~~ the member's  
6 accumulated contributions within ~~six~~ eleven years following ~~his~~ the member's termination, the  
7 member shall forfeit all rights to this accumulated contributions and to any credited service in  
8 connection therewith, if the system has made reasonable efforts to notify the member of ~~his~~ the  
9 member's withdrawal rights and the effect of this section.

10 Section 3. That § 3-12-78 be amended to read as follows:

11 3-12-78. ~~In the event that~~ If a nonvested member who has terminated employment and has  
12 left ~~his~~ the member's contributions in the system returns to employment with a participating unit  
13 ~~within five years of his date of termination,~~ the system shall credit ~~his~~ the member's prior service  
14 time toward the total length of service necessary for the member to obtain the credited service  
15 necessary for benefits provided by this chapter.

16 Section 4. That § 3-12-79 be repealed.

17 ~~—3-12-79. If a nonvested member who has terminated employment and has left his or her~~  
18 ~~contributions in the system does not return to employment with a participating unit within five~~  
19 ~~years of the member's date of termination, the nonvested member shall withdraw his or her~~  
20 ~~accumulated contributions with interest from the system and membership in the system shall~~  
21 ~~terminate. If the member is an electing member, the member also shall withdraw all or a portion~~  
22 ~~of employer contributions as applicable pursuant to § 3-12-150.~~